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SECURITY INFORMATION

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2 October 1952

Memorandum for Mr. Becker

Subject: Defense Proposed Amendments to NSC 107/2 (Iran)

I have discussed the Defense proposals with the O/NE Staff, and have the following comments:

1. General. The Defense proposals constitute a logical alternative policy to the present one, although they need clarification and more precise definition in certain respects noted below. However, NSC adoption of this new policy would appear to require somewhat more thorough revision of NSC 107/2 than Defense has proposed. For example, if the US assumes the initiative, [redacted] reaction may be so acute that it would be hopeless even to "envisage" the "coordinated [redacted] support" specified in paragraph 5 c of the present policy and left unchanged by the Defense proposals. Similarly, the revision of our basic relationship with [redacted] would surely require substantial rethinking of the position stated in paragraph 3 toward [redacted] of military force. If we make it clear to [redacted] that we are taking the lead, must not the corollary be that their forces stay out altogether or go in only in accordance with policies agreed between the two countries? In such respects, the Defense proposals do not appear to face up fully to the consequences.

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2. Specific Comments on Defense Proposals.

(a) Paragraph 2 a: The first clause referring to the Shah should certainly go out. Subparagraph (2) is not mentioned, and should also be stricken or revised for consistency alone.

(b) Paragraph 2 b: This paragraph is not clear, particularly if you attempt to apply it to the Cities Service situation. Does it mean we let Cities Service go in, or not? Do "the necessary measures" mean a separate US-Iran agreement apart from the [redacted] Does the language dealing with compensation intend to discard [redacted] claim for future profits? And, most important (though perhaps not necessary to be stated), who will move the oil?

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(c) Paragraph 4: This seems to be a pretty clear statement of a new policy. There may be a security reservation about referring flatly to "the [REDACTED] policy" in a document that might leak. No doubt stronger things have been said by our people, but this is an NSC paper.

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(d) Paragraphs 5 and 5 a: These proposals are fine but depend wholly on the request of the legal Iranian government. A Kashani government would be most unlikely to make such a request, even if a Mossadeq government would. There is a serious uncovered twilight zone between this proposal for paragraph 5 and the continued text of paragraph 6. Neither statement fits the by no means unlikely contingency of a Kashani government, which would pose the trickiest possible questions for US policies.

(e) Paragraph 7 e: I do not see how this really changes the sense of the existing 7 e, which seems to say about all that could be said in advance.

### 3. Additional Comments.

(a) I miss any reference to the maintenance of our military mission and of Point IV representatives as an objective of our policy. At the very least, this should go in paragraph 2 a. A more forthright use of the mission might also be considered, if US relief of the oil situation has made the climate sufficiently favorable. As to Point IV, Ambassador Henderson has recently suggested a more ambitious program of "massive" aid. I suppose it is not unlikely that State will make a counter-proposal along those lines.

(b) I trust that the ambitious commitments proposed in the new paragraph 4 are backed by some JCS idea of what forces could be made available. You will recall that, in the closing stages of the NSC 135 deliberations, Defense backed down heavily on the idea of increased willingness to commit US forces in particular areas.

(c) Paragraph 1 b: It is no longer strictly true to speak of the "great dependence of Western Europe on Iranian oil," in the light of production developments during the dispute.

4. [REDACTED] is passing the proposals to DD/P, with a request for comment as soon as possible.

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